

The background of the image is a dark blue gradient on the left, transitioning into a large, abstract, geometric shape on the right. This shape is composed of several overlapping planes in shades of purple, magenta, and blue, creating a sense of depth and movement. A bright orange-yellow curved line runs along the bottom edge of the abstract shape.

aws SUMMIT

NEW YORK | JULY 12, 2022

ENT201

Successfully lead your organization through a digital transformation

Ishit Vachhrajani

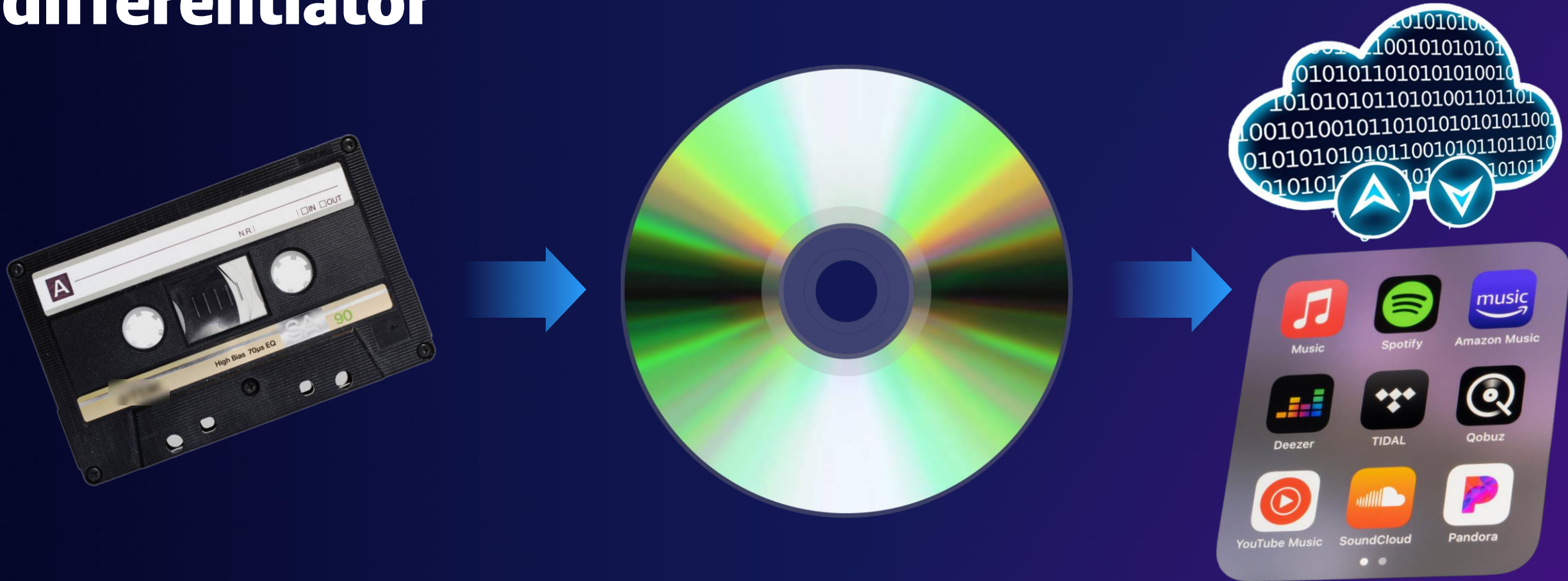
Global Head of Enterprise Strategy

Amazon Web Services

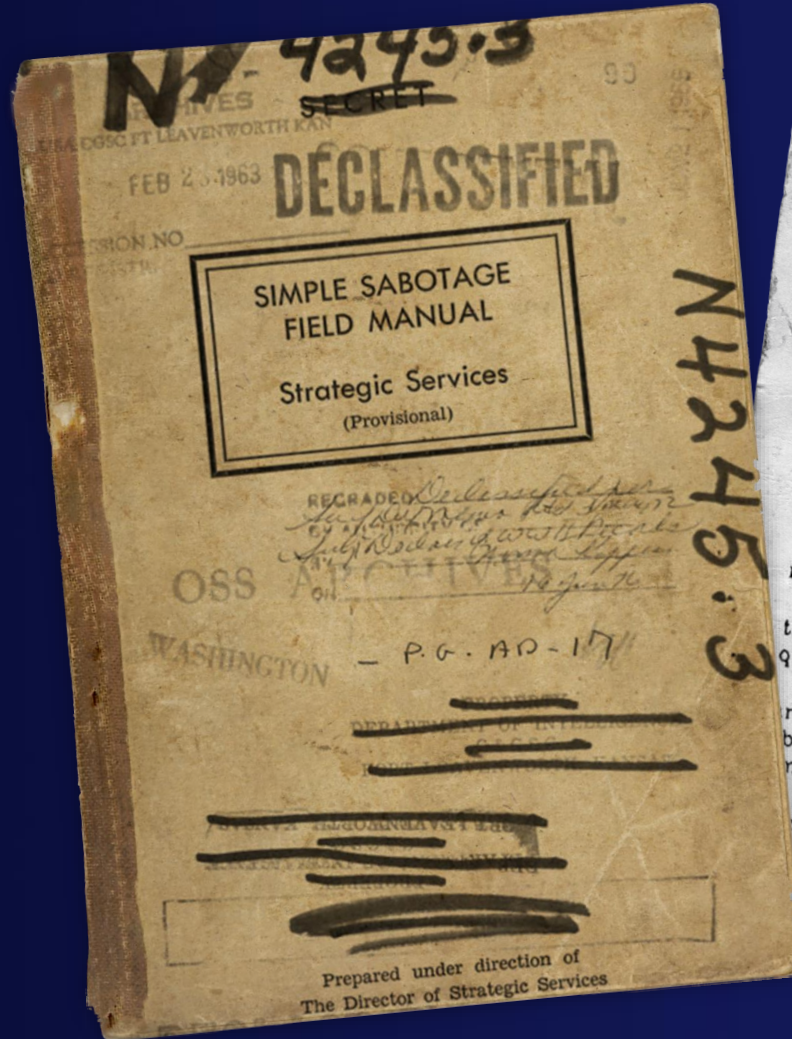


© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.

From making “digital copies” to essential differentiator



“Transformation isn’t doing
the same things better. It’s doing new
things and doing them differently.”



- (a) Organizations and Conferences
 - (1) Insist on doing everything through "channels." Never permit short-cuts to be taken in order to expedite decisions.
 - (2) Make "speeches." Talk as frequently as possible and at great length. Illustrate your "points" by long anecdotes and accounts of personal experiences. Never hesitate to make a few appropriate "patriotic" comments.
 - (3) When possible, refer all matters to committees, for "further study and consideration." Attempt to make the committees as large as possible — never less than five.
 - (4) Bring up irrelevant issues as frequently as possible.
 - (5) Haggle over precise wordings of communications, minutes, resolutions.
 - (6) Refer back to matters decided upon at the last meeting and attempt to re-open the question of the advisability of that decision.
 - (7) Advocate "caution." Be "reasonable" and urge your fellow-conferees to be "reasonable" and avoid haste which might result in embarrassments or difficulties later on.
 - (8) Be worried about the propriety of any decision — raise the question of whether such action as is contemplated lies within the jurisdiction of the group or whether it might conflict with the policy of some higher echelon.

**But we wouldn't
sabotage our own
organizations . . .**

. . . would we?

1 Siloed organizations

I design widgets at AnyCompany
and have a question for the
marketing team



DESIGN
DEPARTMENT

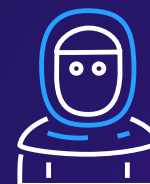


MARKETING
DEPARTMENT

I design widgets at AnyCompany
and have a question for the
marketing team



DESIGN
DEPARTMENT



MARKETING
DEPARTMENT



DESIGN
DEPARTMENT



MARKETING
DEPARTMENT



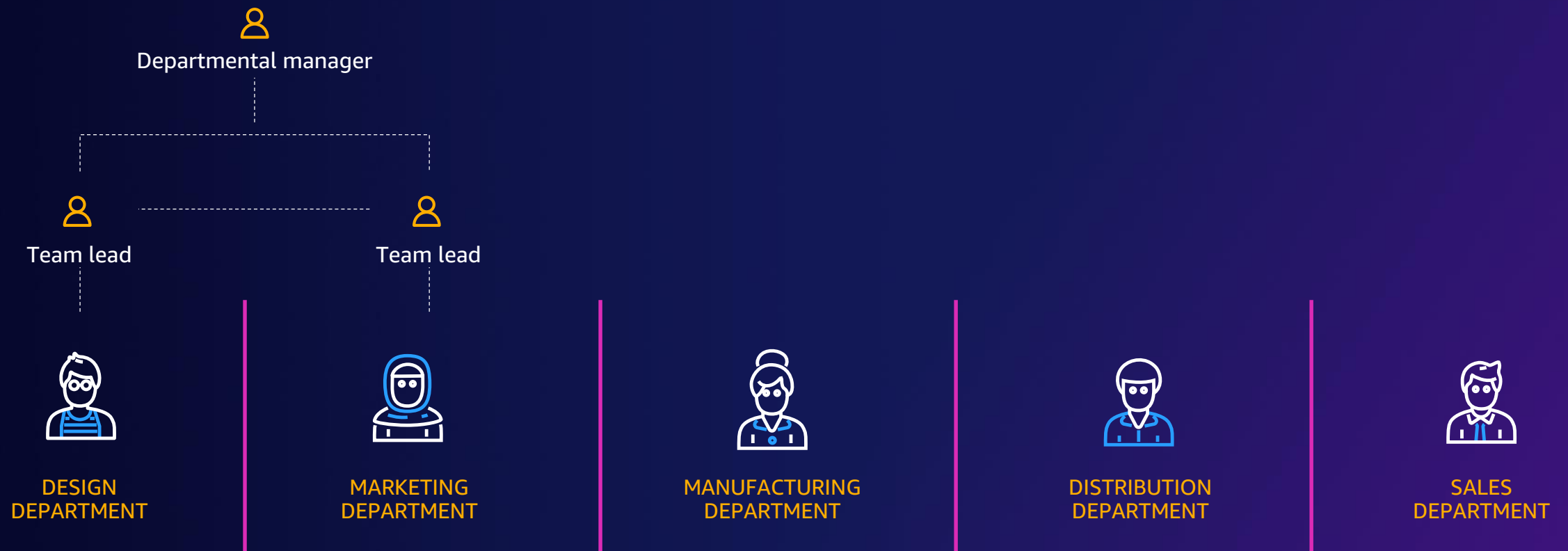
MANUFACTURING
DEPARTMENT



DISTRIBUTION
DEPARTMENT

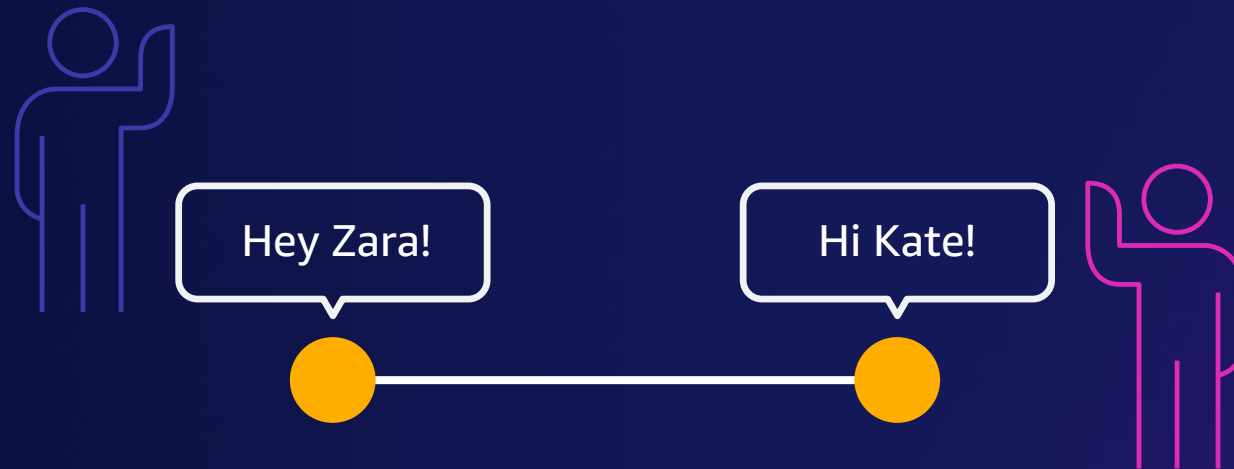


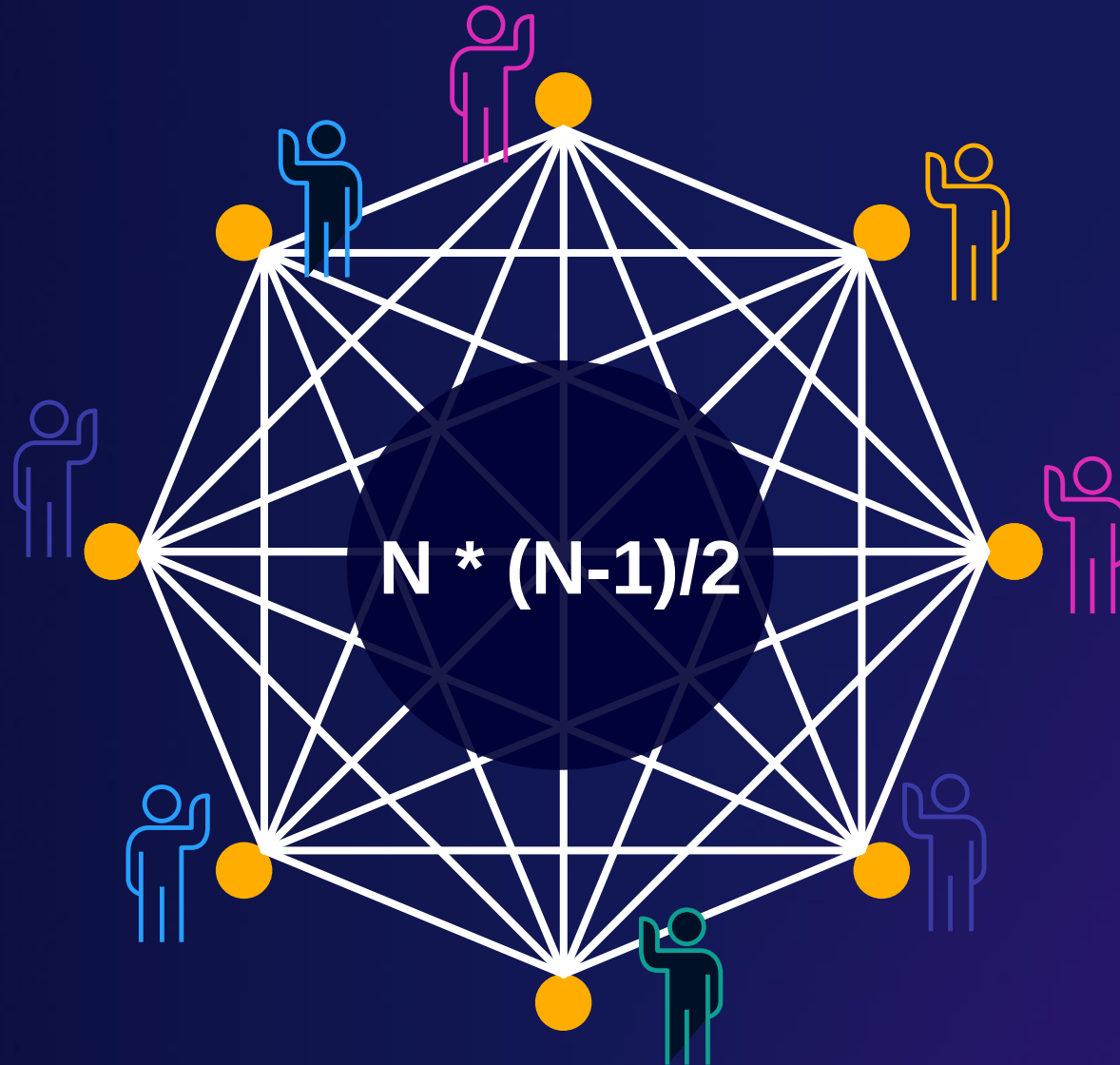
SALES
DEPARTMENT











Who's in charge?

“Communication is a sign of **dysfunction**. It means people aren’t working together in a close, organic way. We should be trying to figure out a way for teams to **communicate less** with each other, not more.”

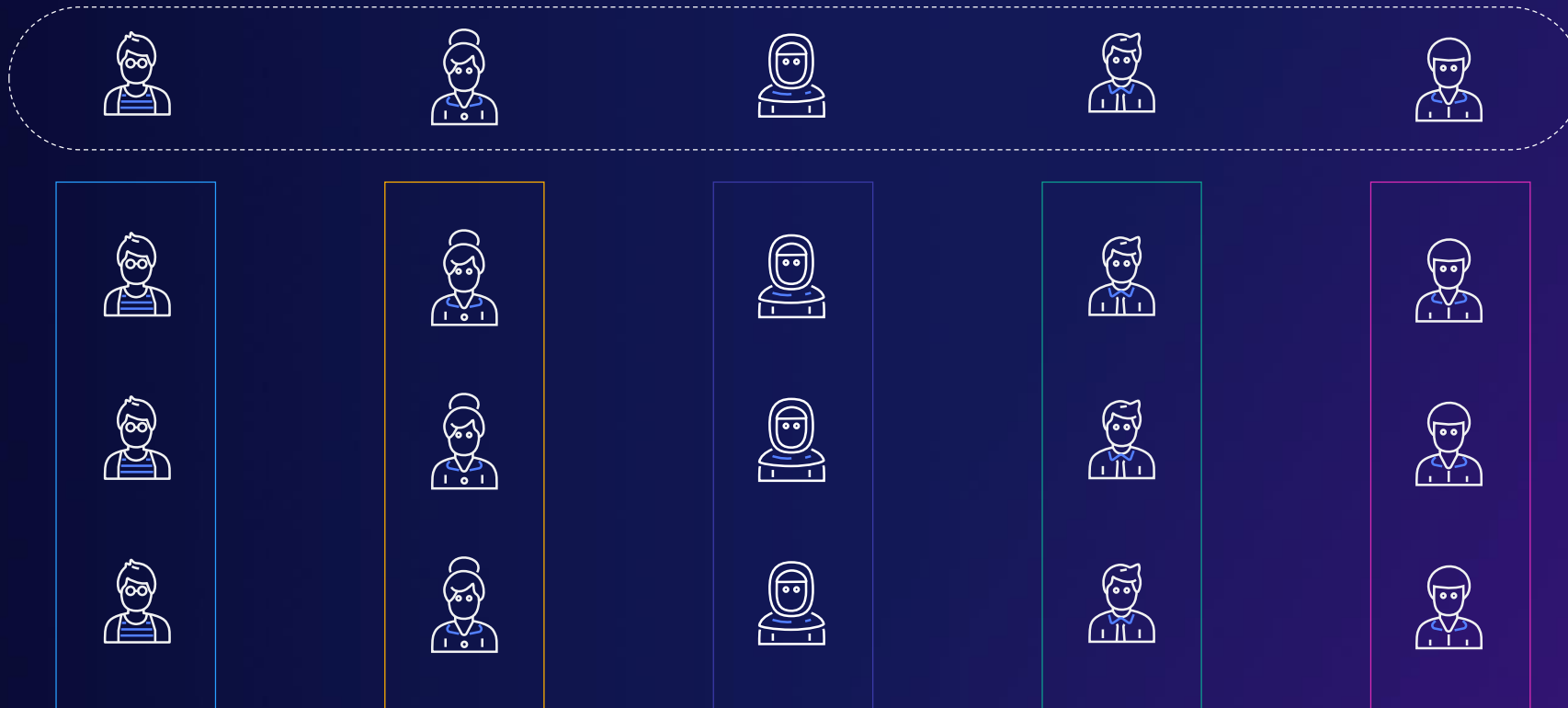
Jeff Bezos

Founder and Executive Chair, Amazon, Inc.



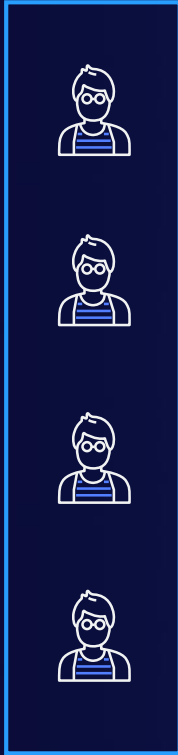
A team of leaders or a leadership team?

“Our goal is to become customer-centric”

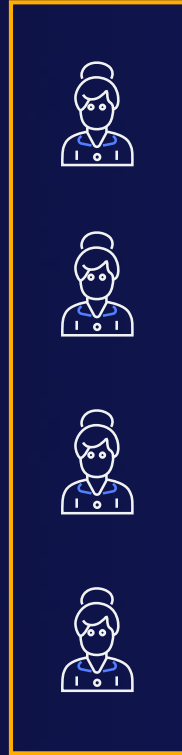


A team of leaders or a leadership team?

"Cut costs!"



"Build a new product!"



"Reduce the number of products we sell!"



"Open more stores!"



A team of leaders or a leadership team?



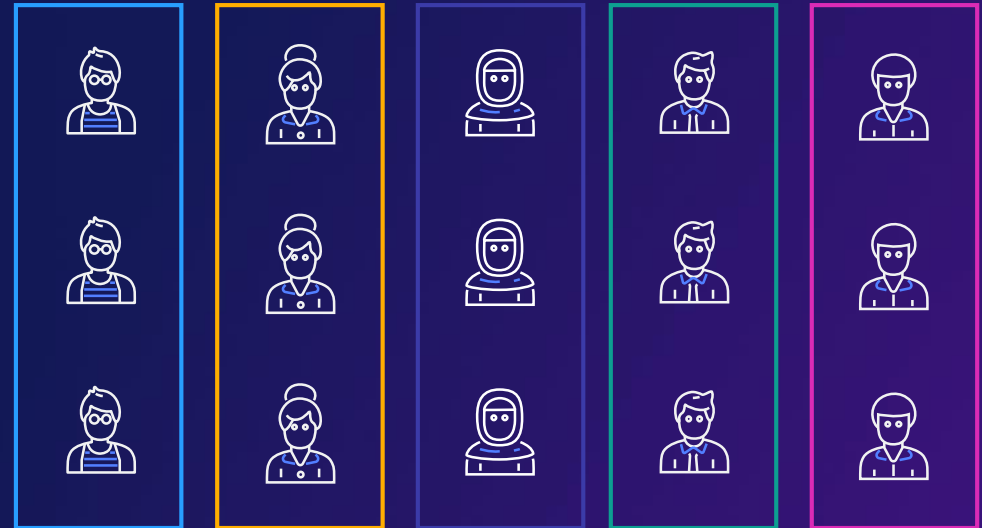
So what does leadership do?

Mission

Leadership principles

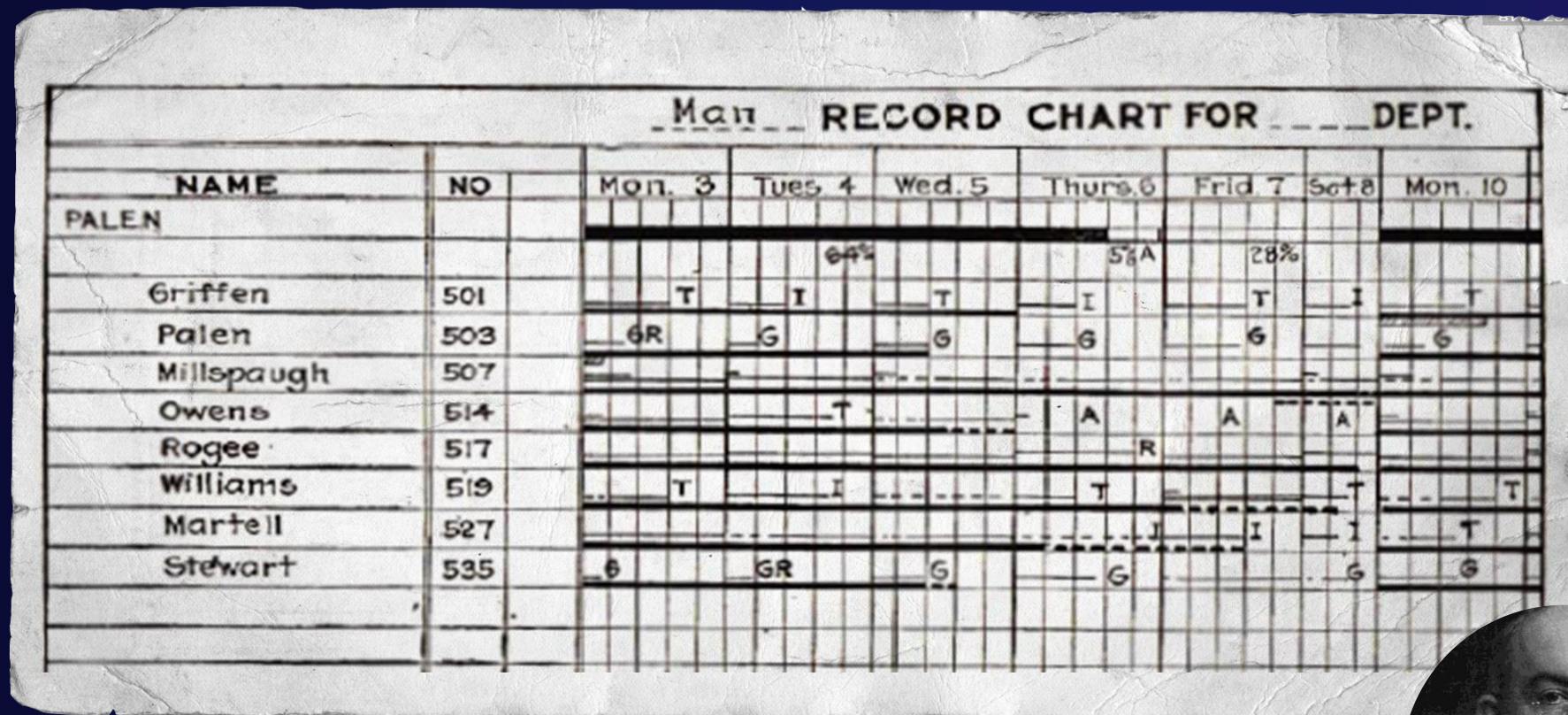
Mechanisms

Guardrails

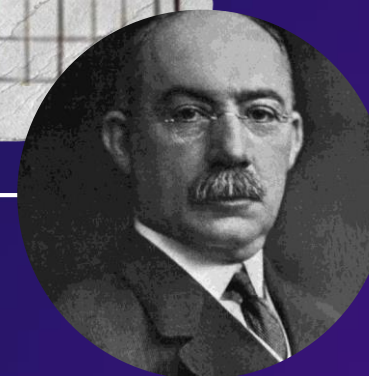


1 Siloed organizations

2 Outdated principles

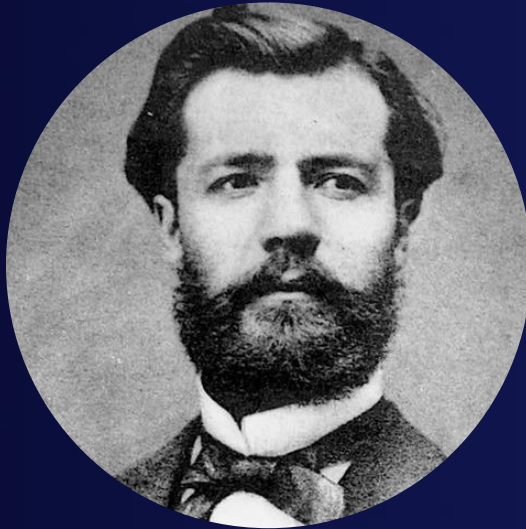


Henry L. Gantt
Inventor of the Gantt chart



Gantt chart image: <https://archive.org/details/organizingforwo00gantgoog>

Henry L. Gantt photo: https://en.wikipedia.org/wiki/Henry_Gantt#/media/File:Henry_L._Gantt.jpg



Henri Fayol
~1916



Lyndall Urwick
~1933

Henri Fayol photo: https://en.wikipedia.org/wiki/Henri_Fayol#/media/File:Henri_Fayol,_1900.jpg

Lyndall Urwick photo: https://commons.wikimedia.org/wiki/File:Lyndall_Urwick.jpg; Courtesy of Desmond Delaney

- Divide work to encourage specialization
- Authority—the right to give orders and the power to require obedience
- Unity of direction—the entire organization should be aligned and moving toward a common goal
- Subordination of individual interests—individual needs and interests should be subordinate to the needs of the organization
- Line of authority—a hierarchy is necessary for unity of direction
- Initiative—encouraging staff to show initiative is a source of strength in an organization

- The principle of specialization—one group, one function
- The principle of definition—jobs, duties, and relationships should be clearly defined
- The principle of the objectives—the overall purpose of an organization is its reason for being
- The principle of coordination—the purpose of organizing is to facilitate coordination or unity of effort
- The principle of span of control—no person should supervise more than 5 to 6 line reports whose work is interlocked
- The principle of continuity—reorganization is a continuous process, and provisions should be made for it



Direction

The entire organization should be aligned and moving toward a common goal



Initiative

Encouraging staff to show initiative is a source of strength in an organization



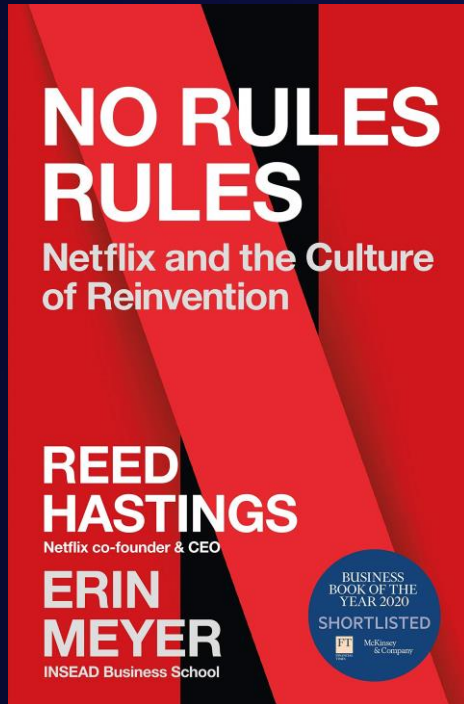
Objectives

The overall purpose of an organization is its reason for being



Continuity

Reorganization is a continuous process, and provisions should be made for it

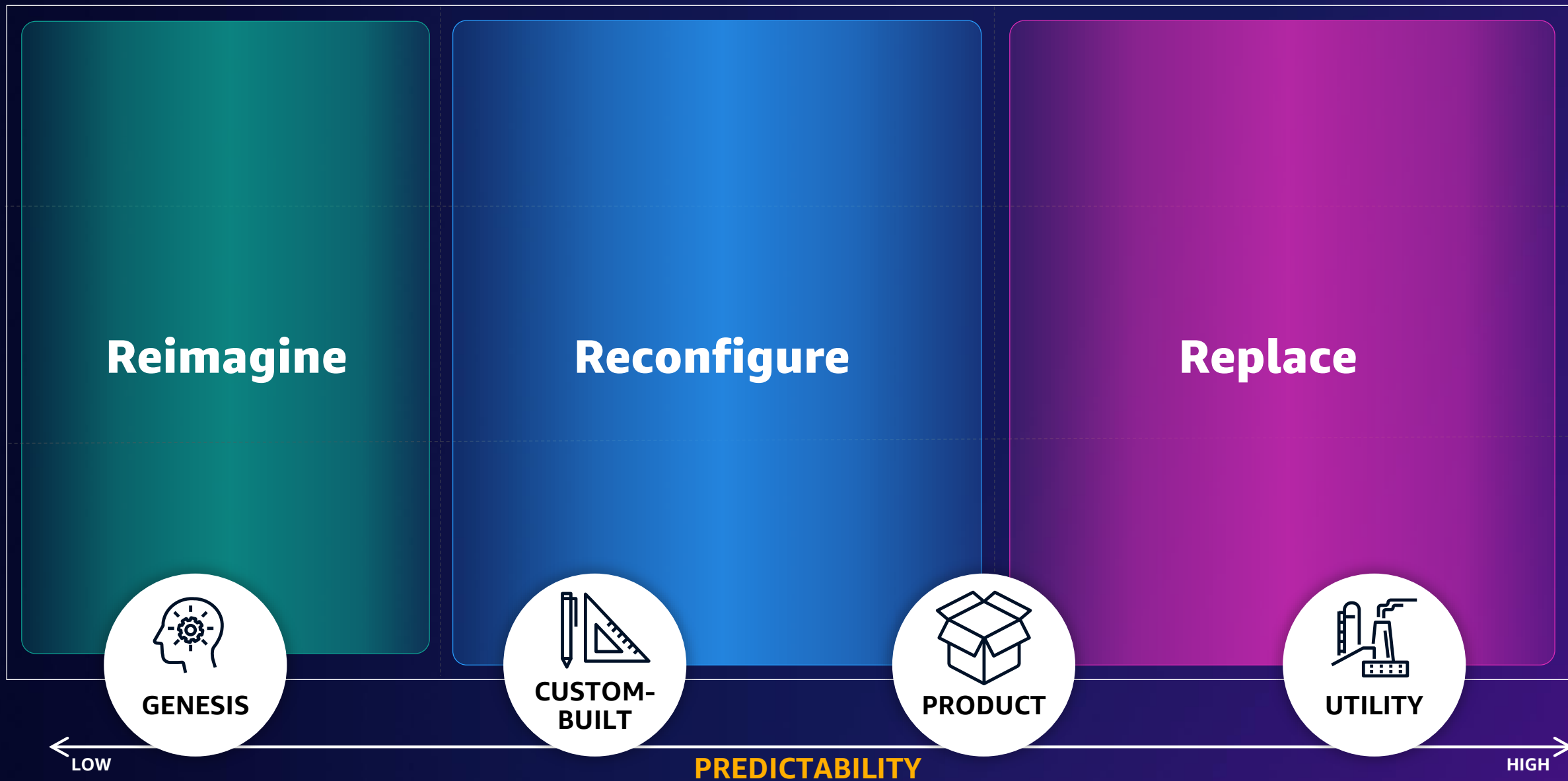


“The **Industrial Revolution** has powered most of the world’s successful economies for the past 300 years . . . management paradigms from **high-volume, low-error manufacturing** have come to dominate business organizational practices.”

Reed Hastings
CEO of Netflix







How?

What road do I take?

I don't know.

Well, where are you going?

Then it doesn't matter.

If you don't know where you are going, any road will get you there.



What makes you, **you**?

Define a clear **purpose** that **inspires**

1 2 3



Health warning

ANYCOMPANY

**We are going to leverage our global synergies to drive
a world-class contemporary customer experience**



To be Earth's most customer-centric company





Helping members protect what's important since 1925

Nike

**To bring inspiration and innovation to every athlete*
in the world.**

***If you have a body, you are an athlete.**



**Declare and
embrace
principles**



- 1 Integrity: We work with customers and prospects openly, honestly and sincerely (Enron)
- 2 We value our employees
- 3 We expect to be customers' preferred choice
- 4 We operate within the letter of the law (!)
- 5 No person should supervise more than 5 to 6 reports whose work is interlocked

Principle-based organization design

- ① Small multi-skilled teams (two-pizza)
- ② You build it, you run it
- ③ The team we have is the team you need
- ④ Teams choose
- ⑤ One size doesn't fit all
- ⑥ Get out of the way



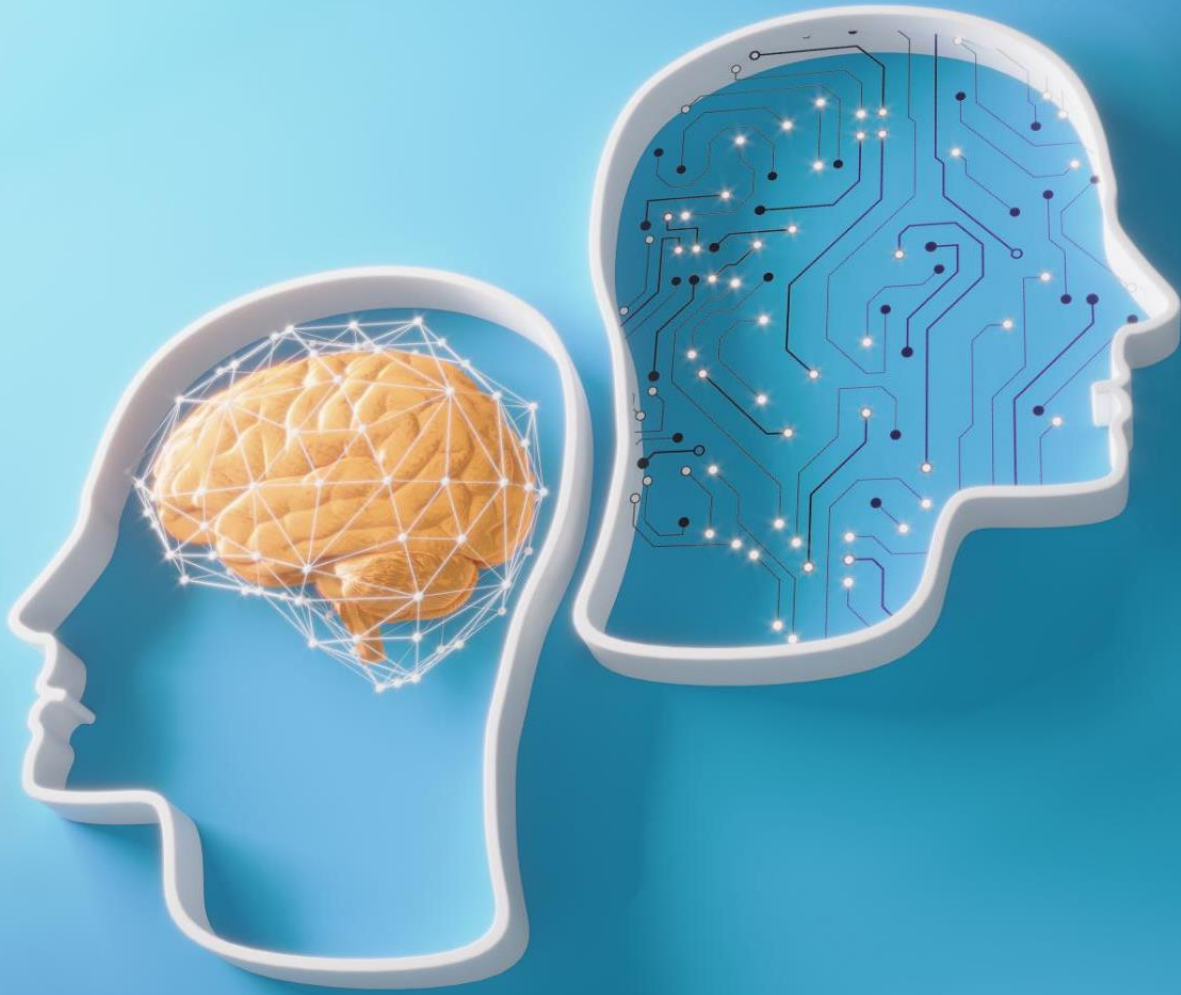
Culture

- Customer obsession
- Ownership
- Invent and simplify
- Are right, a lot
- Hire and develop the best
- Insist on the highest standards
- Think big
- Bias for action
- Frugality
- Learn and be curious
- Earn trust of others
- Dive deep
- Have backbone; disagree and commit
- Deliver results
- Strive to be Earth's best employer
- Success and scale bring broad responsibility

NETFLIX

Culture

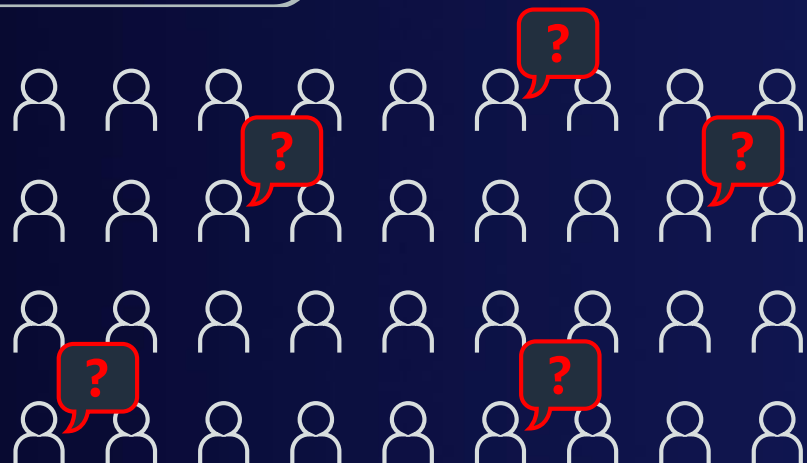
1. Values are what we value
2. High performance
3. Freedom and responsibility
4. Context, not control
5. Highly aligned, loosely coupled
6. Pay top of market
7. Promotions and development



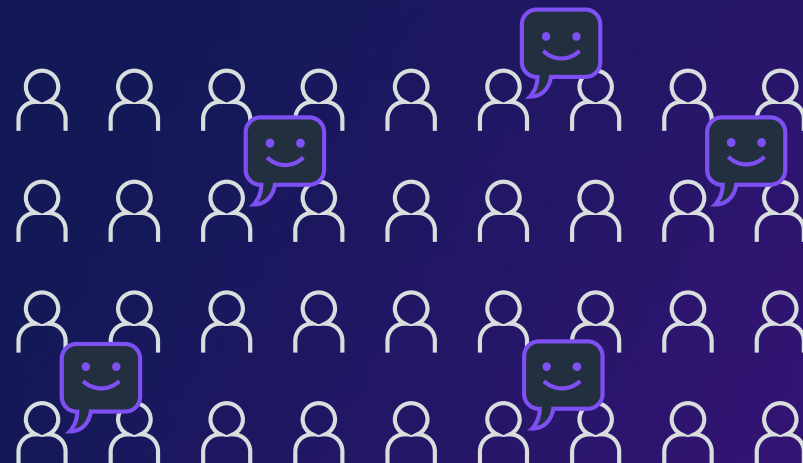
Treat **data** as an
organizational
asset

Evolution of enterprise data





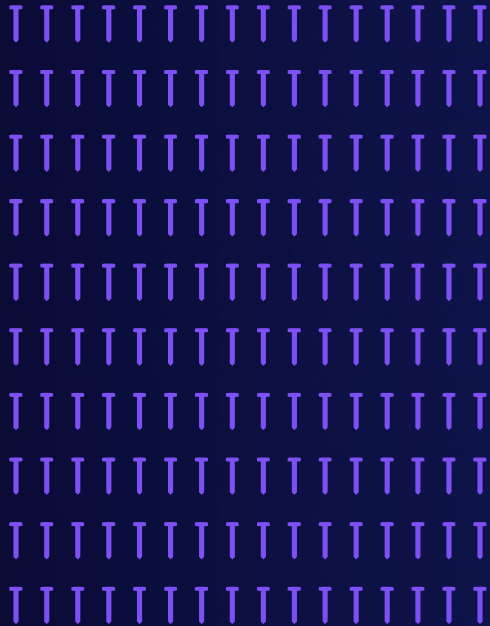
Specific
Measurable
Relevant



Number of nails made



Number of nails made



Weight of the nails



VS.

“When a measure becomes a target, it ceases to be a good measure.”
Goodhart’s law

Absolutes

Relatives/rates

Investment

Price per unit

Budget

Burn rate

Deadline

Velocity

Capacity

Consumption

Ideal use case

Cost of experimentation

Beware of the watermelon goals

Retention rate

CANCEL

or

 1-800-I-CANCEL

Beware of the watermelon goals

Retention rate



Engagement rate

CANCEL

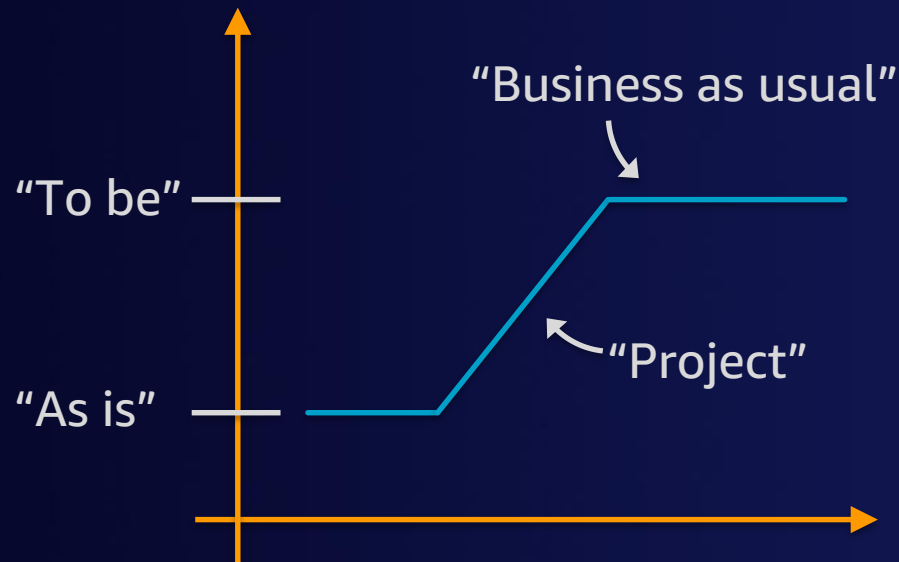
or

 1-800-I-CANCEL

Agility is the
new efficiency

Changing the frame of mind

Economies of scale



Economies of speed



Optimization



Disruption





Don't burst the boiler!

“You cannot respond to a
disruption by putting
more coals on the fire.”



Reduce **friction**

Locomotive acts



Why do cars have brakes?



What happens if they're always on?



Bureaucratic Mass Index



Non-customer value
generating work



Waiting time



Total work



Differentiation is built in as opposed to added at the end



**You already
have the team
you need**



- AWS IoT
- Amazon Cognito
- Amazon SNS
- Amazon SQS
- Amazon API Gateway
- Amazon CloudFront
- Amazon S3
- Amazon QuickSight
- Amazon CloudWatch
- AWS CloudFormation
- AWS Lambda
- AWS Config
- AWS IAM
- AWS KMS
- AWS WAF
- Amazon Elasticsearch Service
- Amazon Kinesis
- AWS CloudTrail
- Amazon VPC

We can't copy Netflix because it has all those superstar engineers; we don't have the people.

A Fortune 100 CTO after a Netflix presentation

We hired them from you and got out of their way...

Adrian Cockcroft
in response

Recruitment



Organization's desires

FTE $\leq$ 60% of market

Modest bonus; no equity

Specific skills

Fit for manager

Takes direction

Flexible based on tasks

Employee's desires



Salary $\geq$ 100% of market

Equity

Ability to learn

Great tech stack and tooling

Feels ownership

Inspired by purpose and outcomes

Retention



Organization's desires

Stay in role

Takes direction

Doesn't ask for raises

Comfortable performance monologue

Reskill in own time



Employee's desires

Clarity of career path and progression

Given autonomy to work on great things

Proactively re-level pay to the market

Fairness of evaluation

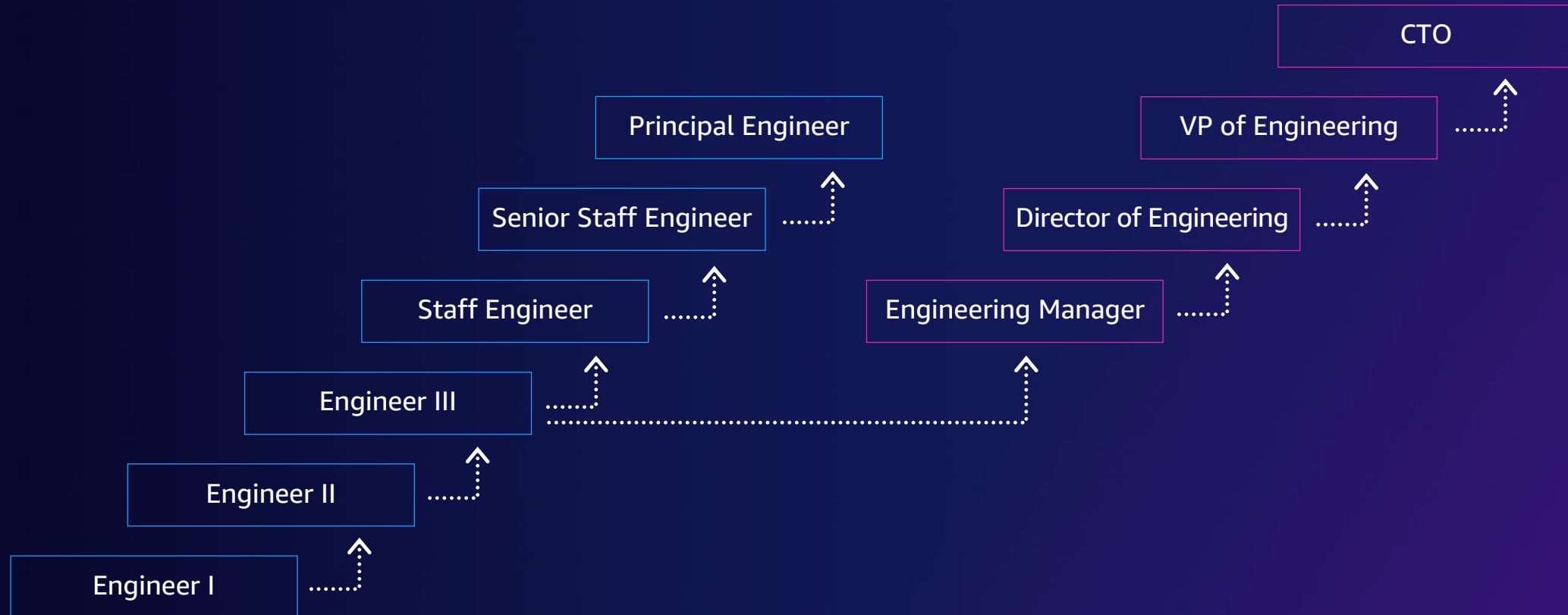
Continuous learning environment



TECHNICAL TRACK



MANAGERIAL TRACK

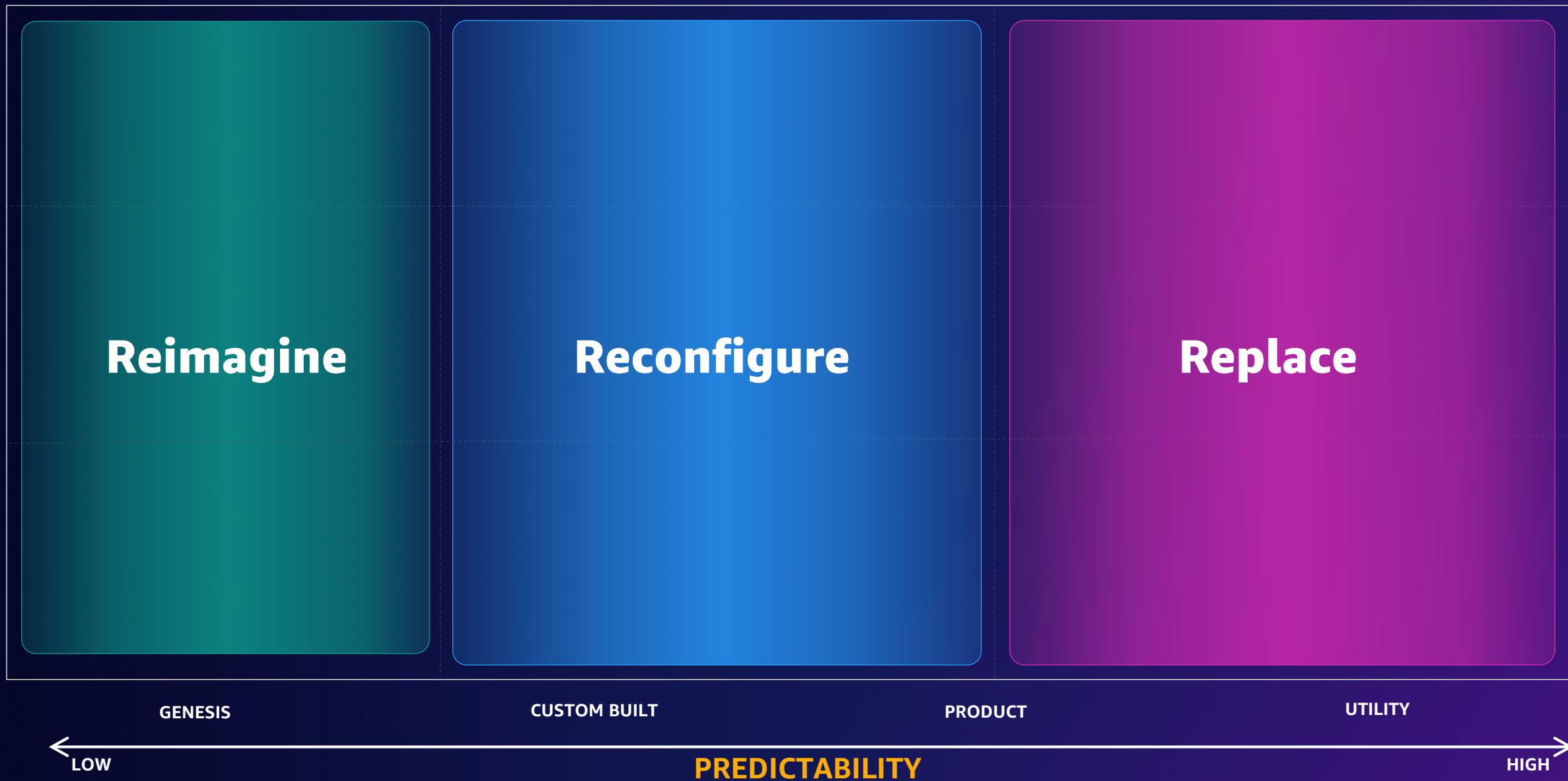




You cannot outsource the whole

**You cannot outsource
the whole**

**(or parts where the
KPIs conflict)**





Reduce cost of
change and learning

KPI = SPEED



Reduce
variation

KPI = COST

More competitive

More utility

GENESIS

CUSTOM BUILT

PRODUCT

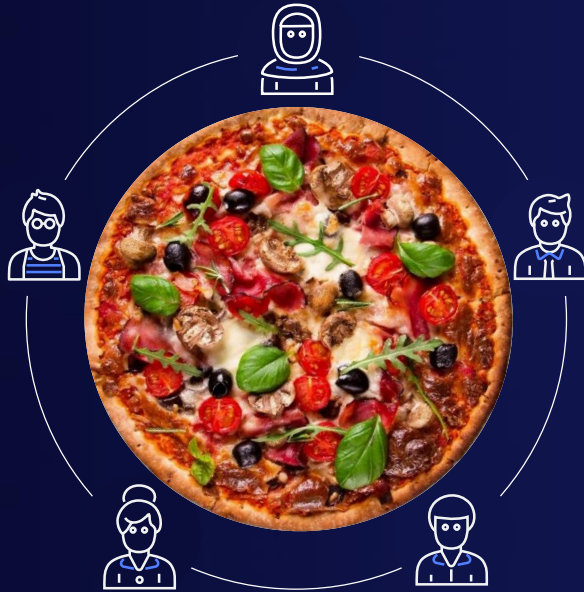
UTILITY

LOW

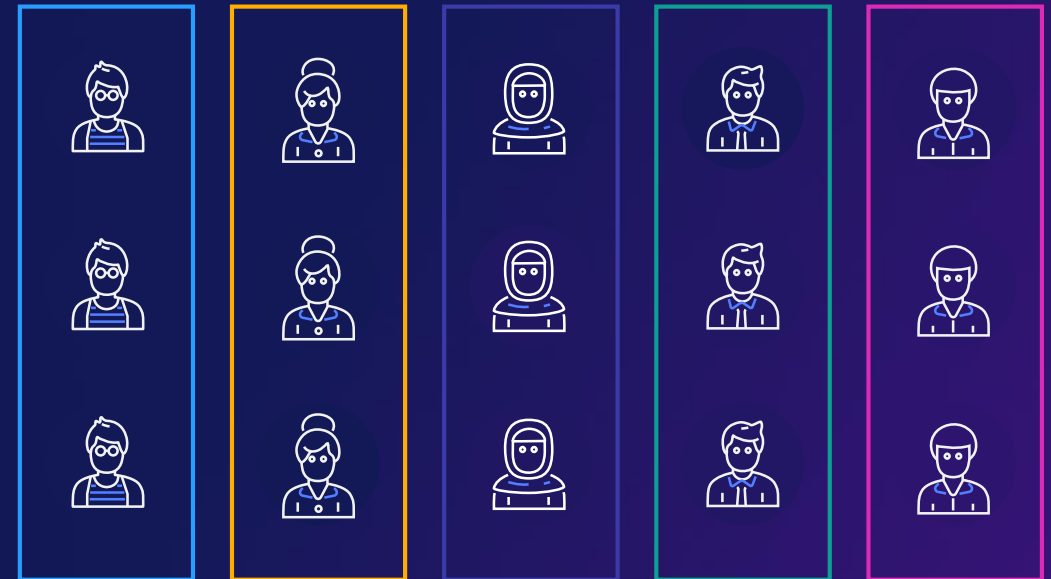
PREDICTABILITY

HIGH

Reduce cost of change and learning



Reduce variation



More in-house

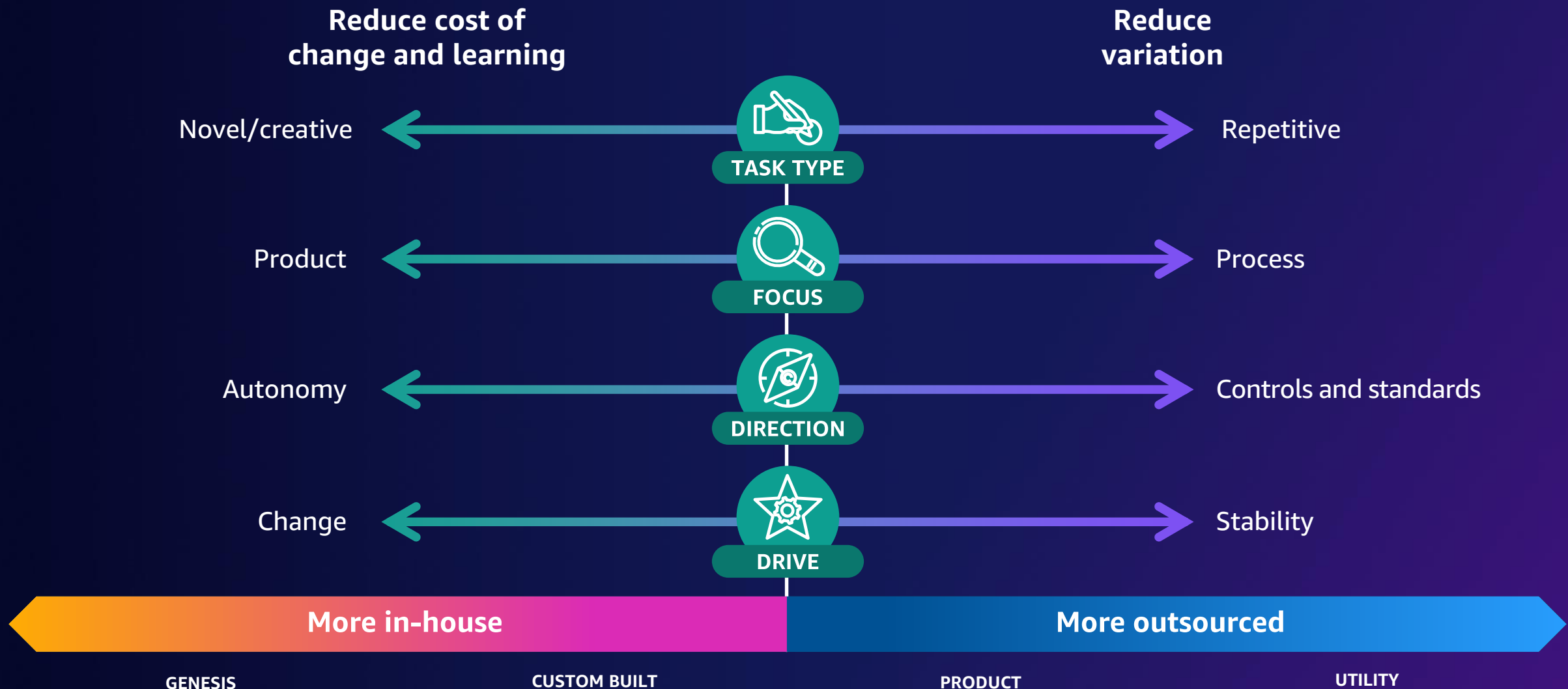
More outsourced

GENESIS

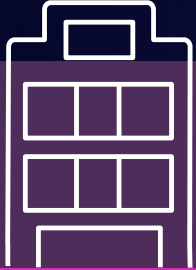
CUSTOM BUILT

PRODUCT

UTILITY



Bridging the gap



Enterprise's desires

Achieve outcomes

Co-lo, agile, experimental

Reduce costs through automation

High skilled, mixed tech experts

Pay for results, shared risk

Integrator's desires



Generate revenue

Predictable, contractual,
documented requirements

Preserve margins and revenue

Mixed skills, specified technologies

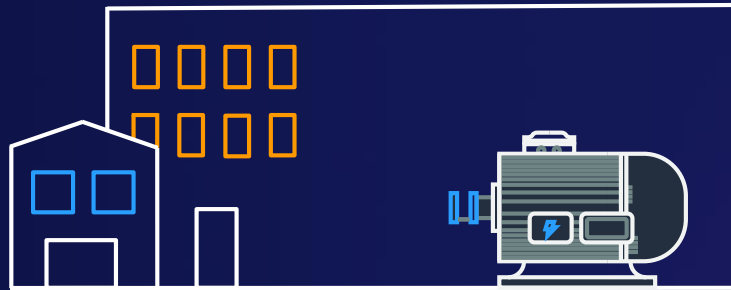
Pay for time, no/low risk

Don't generate your own electricity

“Friends don’t let friends **build data centers**”

Charles Phillips
CEO, Infor
2014 AWS Summit

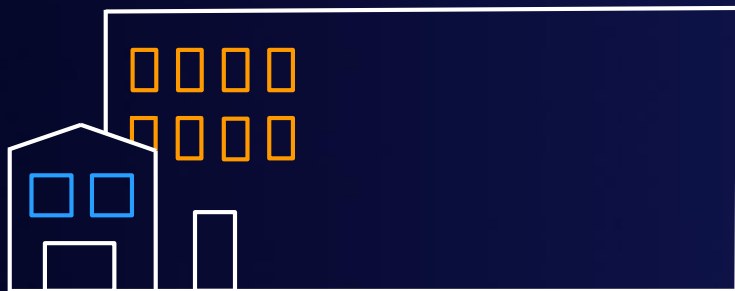
19th century



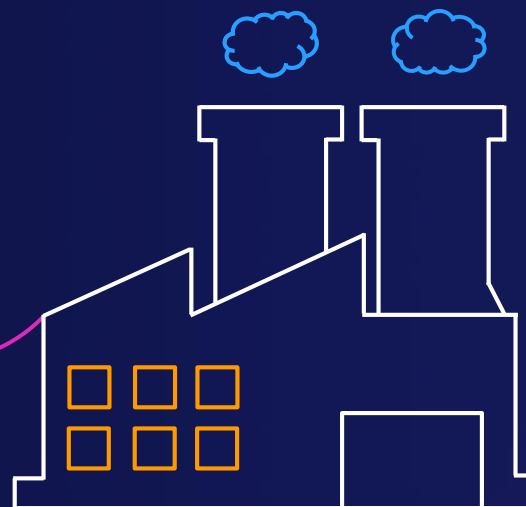
Traditional factory

19th century

20th century

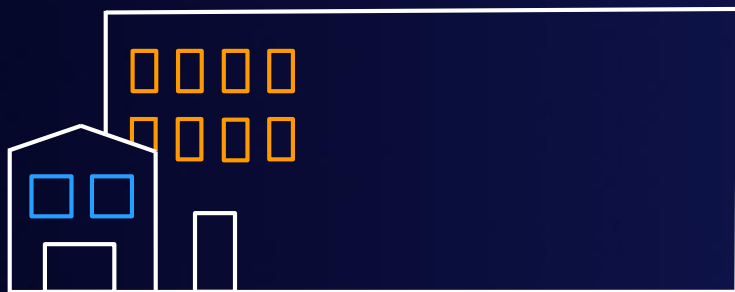


Traditional factory

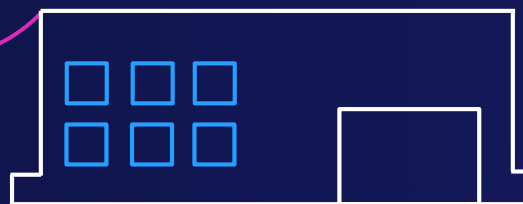


Power plant

21st century

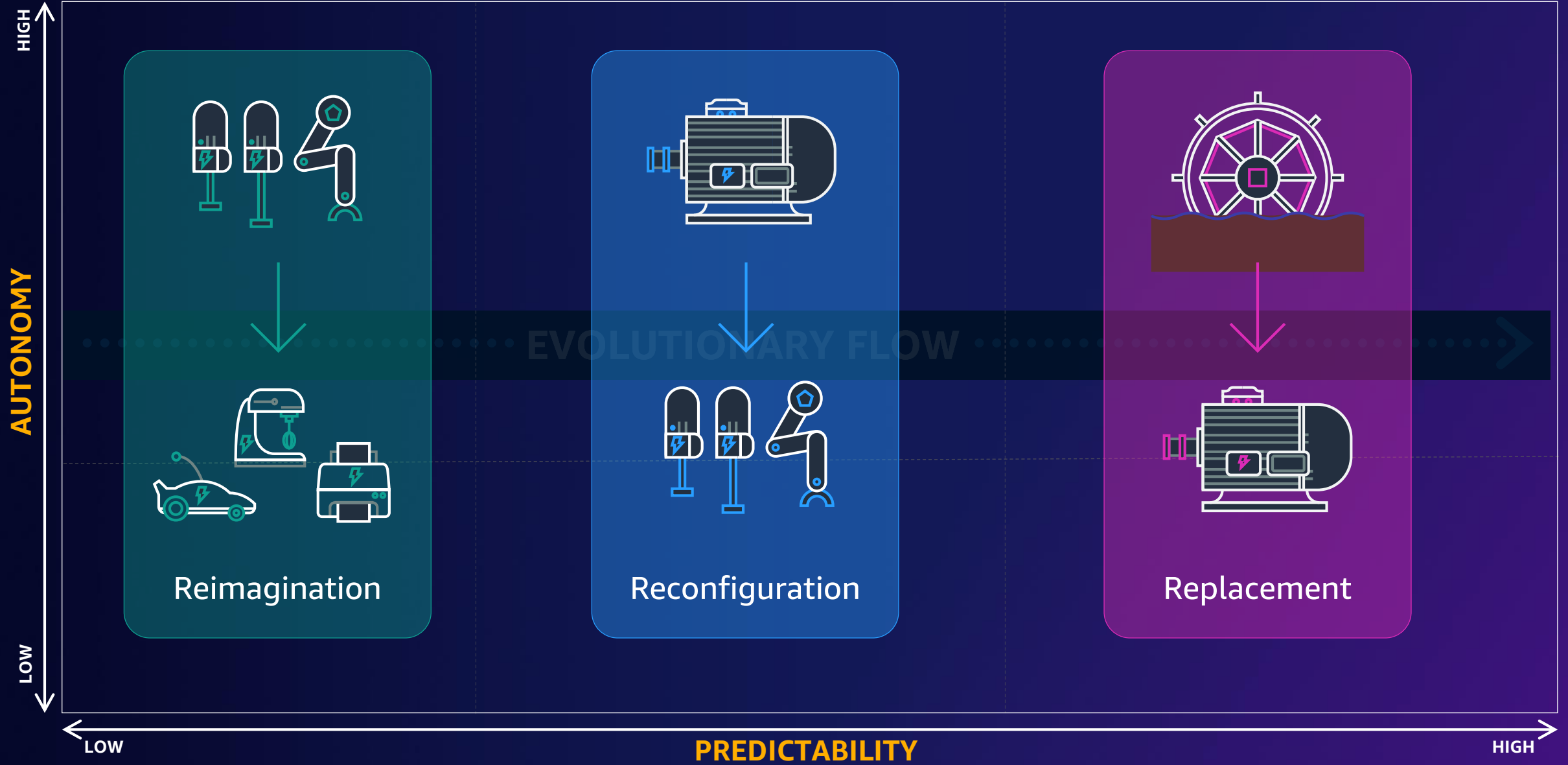


Traditional factory



Renewable energy power plant

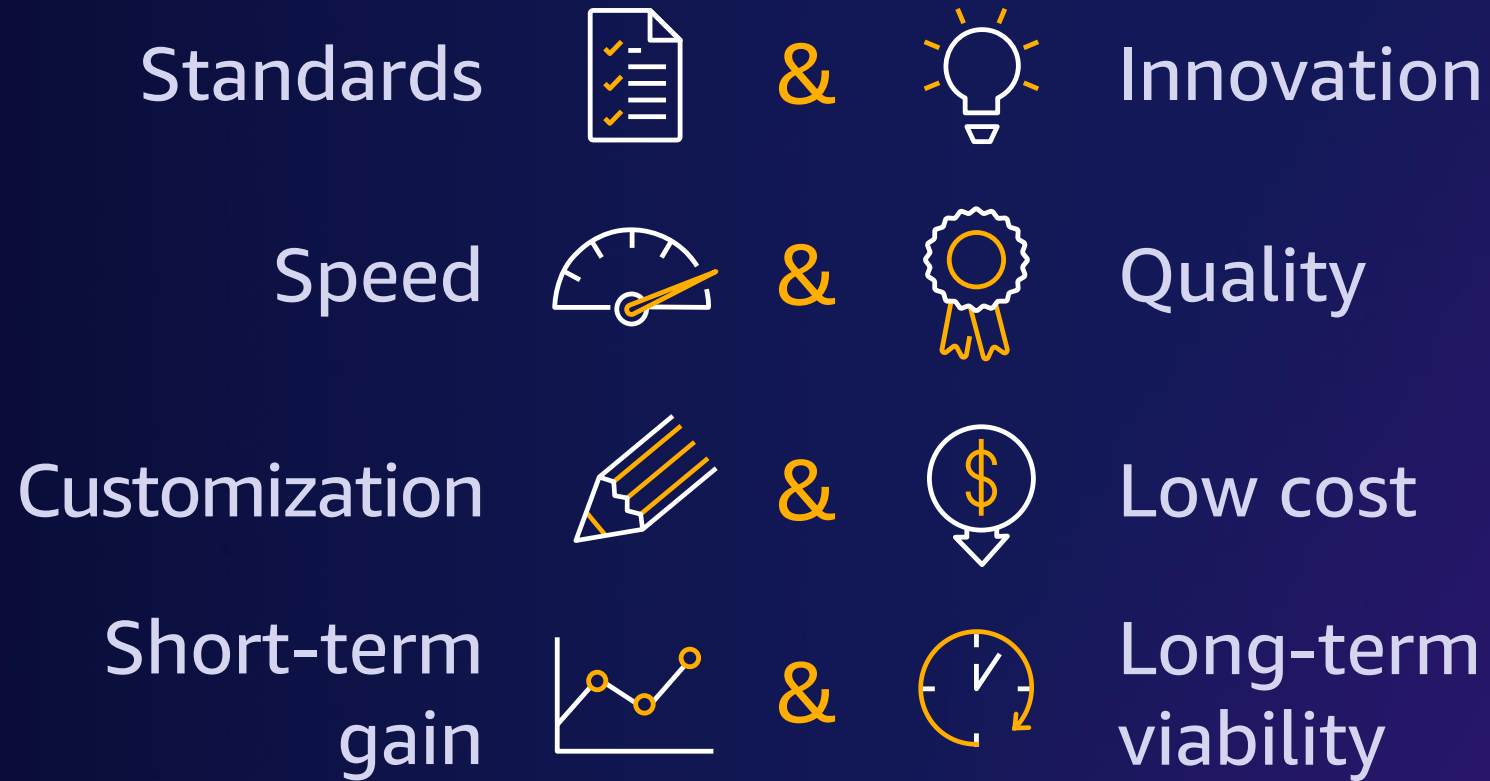




Cloud removes or reduces constraints



Cloud removes or reduces constraints





SET BOLD GOALS

The principles



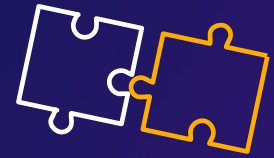
Define a clear, inspiring purpose



Declare and embrace principles



Treat data as an organizational asset



Agility is the new efficiency



Reduce friction



You already have the team you need



You cannot outsource the whole



Don't generate your own electricity

The journey



Don't

Photocopy someone else's culture

Over-plan or over-estimate
the pace of change

Just rebrand roles and processes

Ignore "resistance"

Delegate the change



Do

Patiently experiment as
a leadership priority

Be stubborn about the vision,
flexible on the execution

Instigate genuine
outcome-focused changes

Double down on change management

Lead and role model the change

Learn in-demand AWS Cloud skills



AWS Skill Builder

Access **500+ free** digital courses and Learning Plans

Explore resources with a variety of skill levels and **16+** languages to meet your learning needs

Deepen your skills with digital learning on demand



Train now



AWS Certifications

Earn an industry-recognized credential

Receive Foundational, Associate, Professional, and Specialty certifications

Join the **AWS Certified community** and get exclusive benefits



Access **new** exam guides



[https://aws.amazon.com/
executive-insights/](https://aws.amazon.com/executive-insights/)



[https://open.spotify.com/show/
1Qp5byBTsBeF20RdyWulgd](https://open.spotify.com/show/1Qp5byBTsBeF20RdyWulgd)



[https://www.linkedin.com/
showcase/aws-executive-
connection/](https://www.linkedin.com/showcase/aws-executive-connection/)



[https://aws.amazon.com/
blogs/enterprise-strategy/](https://aws.amazon.com/blogs/enterprise-strategy/)

Thank you!

Ishit Vachhrajani

vachhraj@amazon.com

LinkedIn: /in/ishitv

Twitter: @ishitv

